



CITY OF ATLANTA DEPARTMENT OF FINANCE 2020 FISCAL CONDITION OF THE CITY

ROOSEVELT COUNCIL JR., CFO

AGENDA

Introduction

Economic Outlook

Operating Budget Development

Revenues

Expenditures

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Trust Fund

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Debt & Investments

Q&A



ECONOMIC OUTLOOK

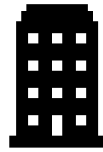


ECONOMIC OUTLOOK



- Atlanta continues to be one of the fastest growing large MSAs in the nation. Business development and a revival of population and job growth will continue to underpin Atlanta's economic expansion.
- In 2019, the area's high concentration of college-educated workers, business partners, cyber security, high-tech companies, and research universities will continue to attract high technology companies in life sciences, software development, research & development, healthcare IT, professional and business services, and advanced manufacturing.
- Atlanta MSA unemployment rate is projected to decline to 3.1% in 2019, down from 3.7% in 2018.
- On an annual average basis, the 29-county Atlanta MSA will add 47,100 jobs in 2019, a year-over-year increase of 1.7 percent. Atlanta therefore will account for 68 percent of the state's net job growth.
- Atlanta MSA personal income is projected to remain relatively flat dipping slightly below last year's percentage change of 6%.
- Atlanta MSA housing permits are projected to decline. Multi-family housing permits are projected to fall by 38.5% while single family permits are expected to fall by 2.0% in 2019.

ECONOMIC OUTLOOK



Twenty-six companies' headquartered in the Atlanta MSA rank among the 2018 Fortune 1000, placing Atlanta behind only New York City and Houston among US metros headquartering Fortune 1000 companies



The area's economy and its growth are extremely diverse, which decreases the economic risk associated with living and doing business in Atlanta



In order, the Atlanta MSA's top ten employers are Emory University/Emory Healthcare, Delta Airlines, Wal-Mart Stores, Home Depot, WellStar Health System, AT&T, Northside Hospital, Piedmont Healthcare, Marriott International, and Publix Supermarkets.



Atlanta-Sandy Springs-Roswell, GA – the largest metro area GDP in the Southeast Region, and the 10th largest GDP in the nation-increased by 2.9 % due to growth in due to information services, according to data released by the Bureau of Economic Analysis.

ATLANTA'S ECONOMY



42

Bi-National Chambers
of Commerce



1.9M

Jobs forecasted
to be created by 2040



\$324.9 B GDP

Largest economy
in the SE



10th

Largest economy of
all metro areas in the U.S.



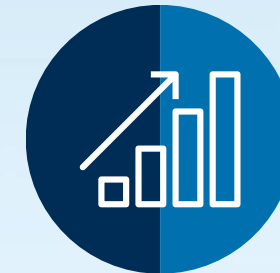
8.4 M

Residents in the
Metro area by 2040



1.3B SF

Commercial Real Estate
in Metro area



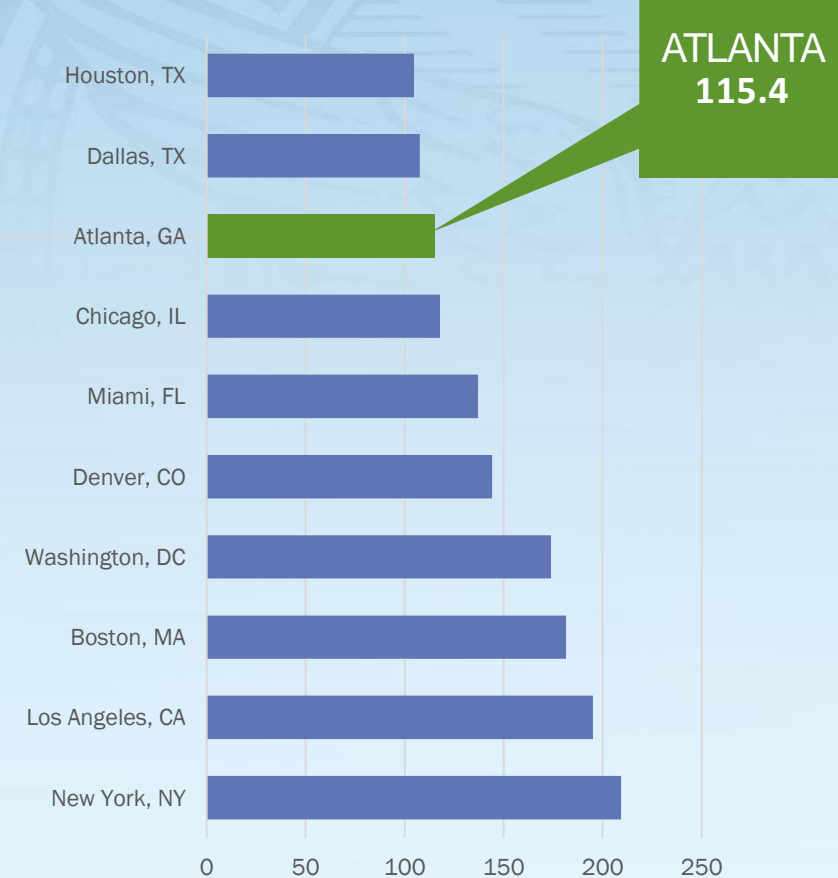
ATLANTA'S ECONOMY



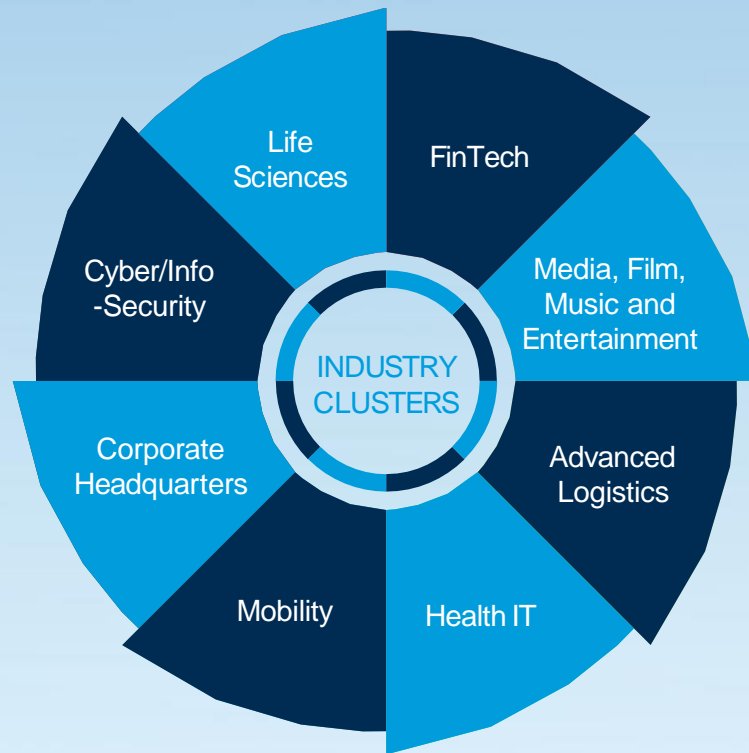
COST OF LIVING

CITY	MEDIAN HOME PRICE	AVG. MONTHLY 1-BDRM APARTMENT RENT
Atlanta, GA	\$236,700	\$1,086
Boston, MA	\$587,000	\$1,836
Chicago, IL	\$225,500	\$1,137
Denver, CO	\$421,900	\$1,265
Miami, FL	\$350,100	\$1,191
New York City, NY	\$693,900	\$1,788
Washington, DC	\$597,900	\$1,469

COST OF LIVING INDEX (US AVERAGE — 100)



ECONOMIC DEVELOPMENT



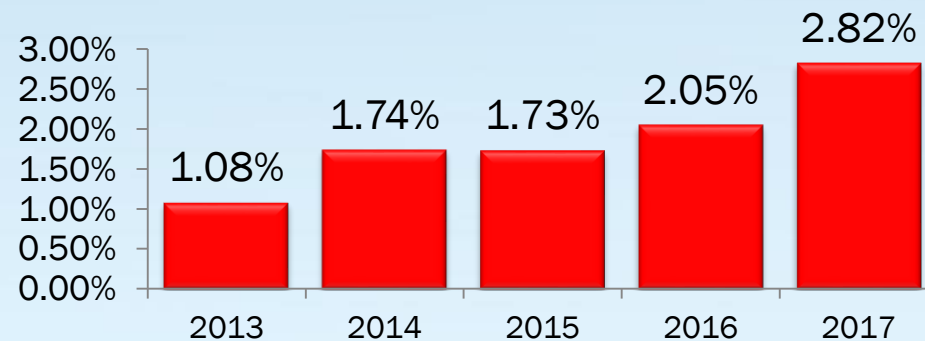
CREATING **10,832 NEW JOBS** WITH A TOTAL INVESTMENT OF **\$1.6B**

ATLANTA STATISTICS



Population/Growth Rates

Atlanta's population continues to steadily increase. The Atlanta area has gained a reputation as an ever-changing international city with much more urban revitalization and growth in central metro counties. Drawn by job opportunities, a reasonable cost of living and warm weather, hundreds of thousands of people moved to metro Atlanta in the last five years, increasing the region's population to 486K.



Source: U.S. Census Bureau, QuickFacts Population estimates 2013-17.

Employment by Industry

The estimated average annual employment, categorized by industry for the City in 2017, is reflected in this table. The highest area of employment was in transportation, trade, professional, business and manufacturing.

INDUSTRY	% OF TOTAL EMPLOYMENT
Trade, Transportation, and Utilities	21.0%
Professional and Business services	26.0%
Education and Health Services	11.8%
Government	11.6%
Leisure and Hospitality	10.5%
Manufacturing	16.4%
Other	2.7%

Source: Georgia Department of Labor Industry Mix Analysis 2017.

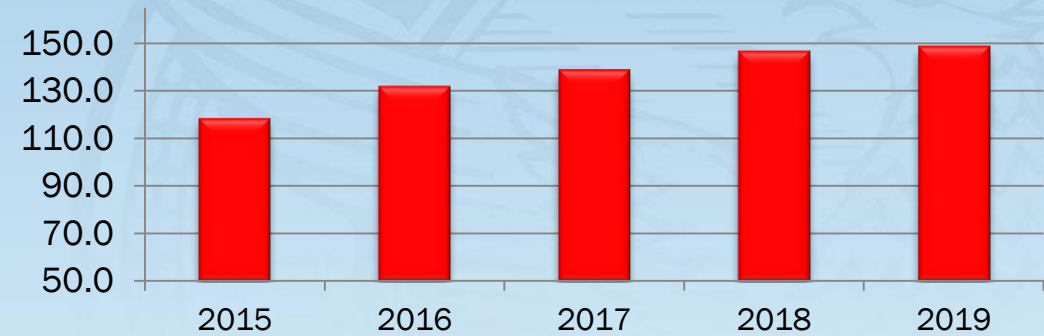
ATLANTA STATISTICS



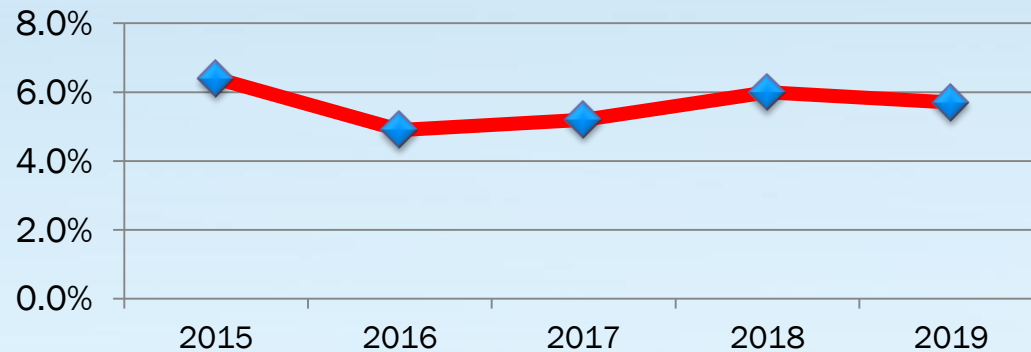
UNEMPLOYMENT RATES



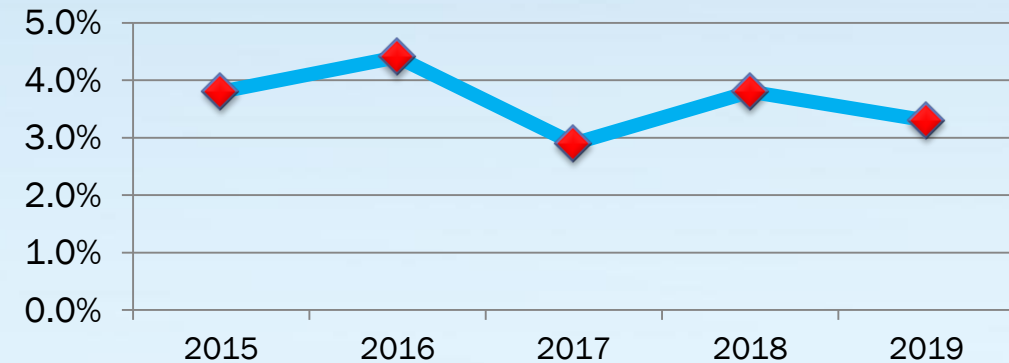
ATLANTA HOME PRICE INDEX



% CHANGE PERSONAL INCOME



% CHANGE GROSS METRO PRODUCT



OPERATING BUDGET DEVELOPMENT





FY20 BUDGET DEVELOPMENT PRIORITIES

Build real budgets that align with headcounts and operational plans

Invest more resources to front-line service priorities

Maintain a structurally-balanced financial position
(revenues equal costs without using fund balance)

Position the City to continue executing on the Mayor's vision for an
affordable, resilient and equitable Atlanta

FY20 INVESTMENT PRIORITIES



A safe, welcoming and inclusive City

✓ Police compensation raises

✓ Public safety equipment and facilities

✓ HIV prevention initiatives

World-class employees, infrastructure and services

✓ Living wage increases to \$15 per hour

✓ Transportation resurfacing and sidewalk enhancements

✓ Funding to establish Atlanta DOT

An ethical, transparent and fiscally responsible government

✓ Funding to support the Public Trust taskforce

✓ Funding for enhanced Transparency measures

✓ Oracle upgrades for budget and headcount reporting

Thriving neighborhoods, communities and businesses

✓ Increased Parks and Recreation funding

✓ Additional resources for Affordable Housing

✓ Maintain enhanced funding levels for the Arts

Residents that are equipped for success

✓ Livable wage job and training programs

✓ Re-launch of My Brother's Keeper partnership

✓ Largest coordinated Summer youth engagement program

Investments focus on core operations, align with Council priorities and position the City to continue executing on Mayor Bottoms' *One Atlanta* vision



MEASURES TO BALANCE THE BUDGET

Actions taken to enable investments, sustain operations, prevent deficit, and balance the budget:

- Headcount reconciliation and management (vacancies)
- Reduced allocation for Corrections
- Removal of funding for one-time expenses
- Reduced allocation to restricted reserves
- Targeted philanthropic and grant opportunities
- Flat budgets proposed for some groups

HEADCOUNT MANAGEMENT STRATEGIES



- Personnel budgets based on bottom-up assessment of every filled and vacant position
- All filled positions are funded
- Sworn vacancy funding based on data-driven recruitment targets
- Most General Fund civilian vacancies not funded in FY20
 - Unfunded civilian positions to be abolished
- Filled extra help positions to be converted to Active FTEs
- Three key strategies to manage operational and financial objectives during FY20
 - Development of operational plans
 - Consolidated vacancy backfill review and approval process (3% attrition target)
 - Monthly operational and financial reviews

VACANCY FUNDING APPROACHES



	Sworn	Civilian
General Fund	<ul style="list-style-type: none">▪ All filled positions funded at 100%▪ APD funded for 100 vacant police officer positions▪ AFRD funded for 80 vacant firefighter positions▪ DOC not funded for sworn vacancies	<ul style="list-style-type: none">▪ All filled civilian positions are funded at 97%▪ Most vacant civilian positions are <u>not</u> funded▪ Zero funded civilian vacancies to be abolished through the budget personnel paper▪ Process being implemented to coordinate and manage backfill throughout FY20
Enterprise Funds	<ul style="list-style-type: none">▪ All filled positions funded at 100%▪ APD funded for all vacant police officer positions▪ AFRD funded for all vacant firefighter positions	<ul style="list-style-type: none">▪ All filled civilian positions are funded at 100%▪ All vacant civilian positions have either been funded at 100% or 0%.▪ Zero funded vacancies will be abolished through the budget personnel paper

Vacancy backfills will be managed through a consolidated process to prioritize and expedite filling of key positions

REVENUES



THE CITY'S REVENUE MODEL – MUNICAST



EXAMPLES OF SOME OF THE RESOURCES USED IN PREPARING PROJECTIONS



ENACTED STATE LEGISLATIVE BILLS WHICH IMPACT THE CITY OF ATLANTA



HB 820

- A base freeze exemption which limits the growth in the CoA residential digest to 2.6% per year.
- **Approved by referendum in November of 2018. Effective as of Jan. 2019. (No sunset provision)**

SB 485

- Increased the homestead exemption from \$30,000 to \$50,000 on value above \$10,000 for Atlanta School District ad valorem taxes.
- **Approved by referendum in November of 2018. Effective as of Jan. 2019.**

HB 182

- Requires “third party internet delivery retailers” that have gross revenue in excess of \$100,000 or conducts 200 or more in retail sales in the State to collect and remit sales and use taxes.
- **Effective as of Jan. 2020.**

SB 17

- “Sunday Brunch Bill” allows Georgia restaurants to serve Alcoholic beverages before 12:30 pm on Sundays.
- **Adopted by City legislation**
- **Effective as of Jan. 2019.**

HB 751

- Increased the 911 fees on prepaid phones from \$.75 cents to \$1.50.
- **Effective as of Jan. 2019.**

GENERAL FUND REVENUE ASSUMPTIONS

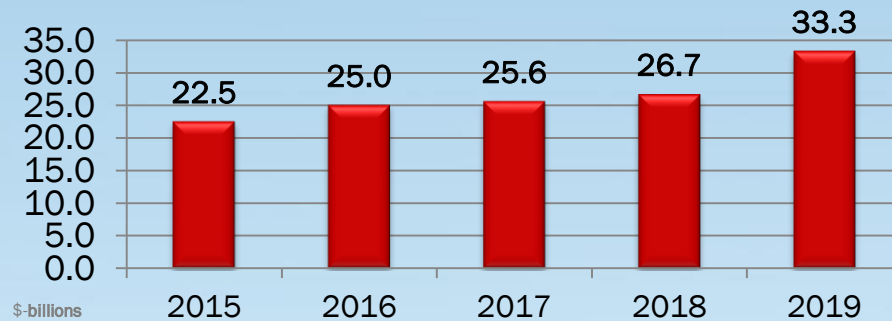


- Historically, property tax and sales tax represent ~ 47% - 49% of General Fund revenue.
- Forecast an estimated property tax increase of ~5.0% (new construction) after impact from new City of Atlanta Base Freeze Exemption (HB820) is realized.
- Dollar value of one mill is projected at \$26 million in FY20 compared to \$17 million in FY13.
- Sales tax revenue growth is forecasted at 6.0% and is closely correlated with the gross metro product and personal income trends.
- Atlanta's sales tax rate is 8.9% and allocated as follows:
 - State 4% ; MARTA 1% ; ELOST 1% ; MOST 1%
 - LOST 1% ; TSPLOST .4% ; COA MARTA .5%

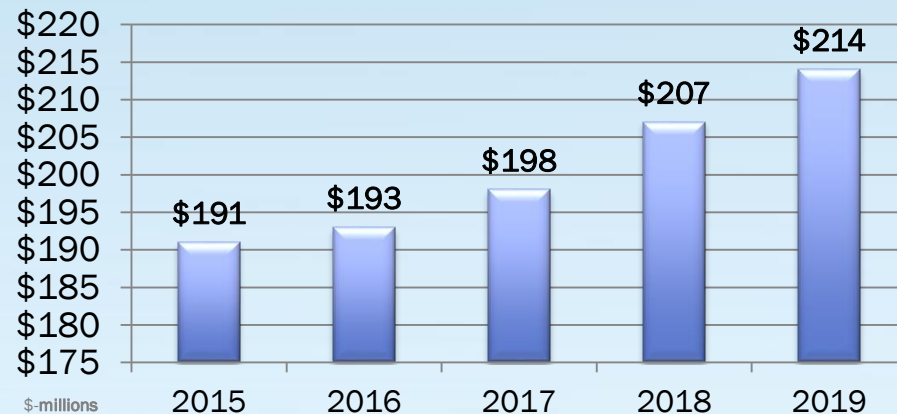
TAXABLE PROPERTY VALUES



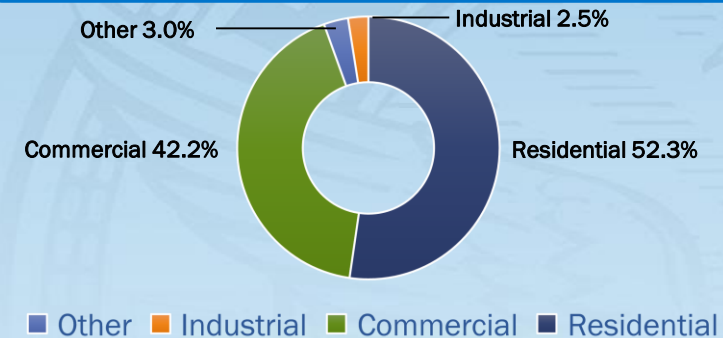
TAXABLE ASSESSED VALUE (FY 2015 – FY 2019)



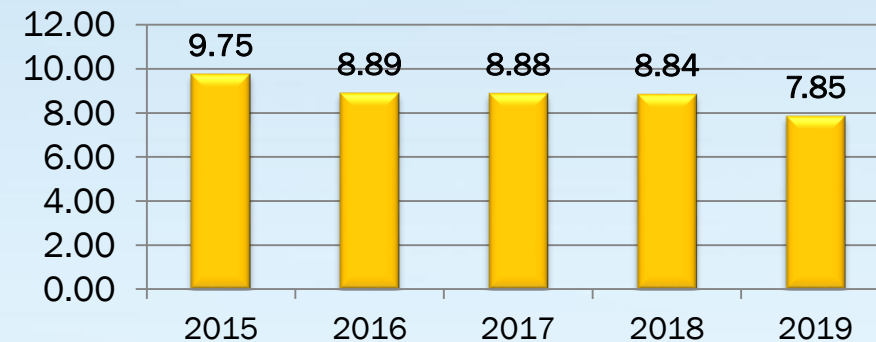
ACTUAL TAXES COLLECTED (FY 2015 – FY 2019)



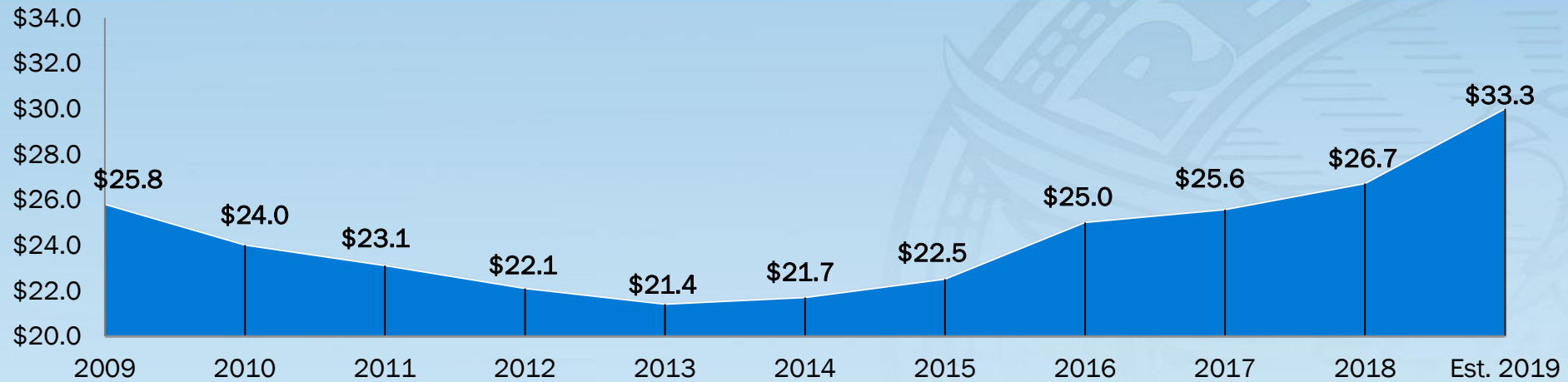
TAX BASE BY LAND USE (FY 2019)



MILLAGE VALUE (FY 2015 – FY 2019)



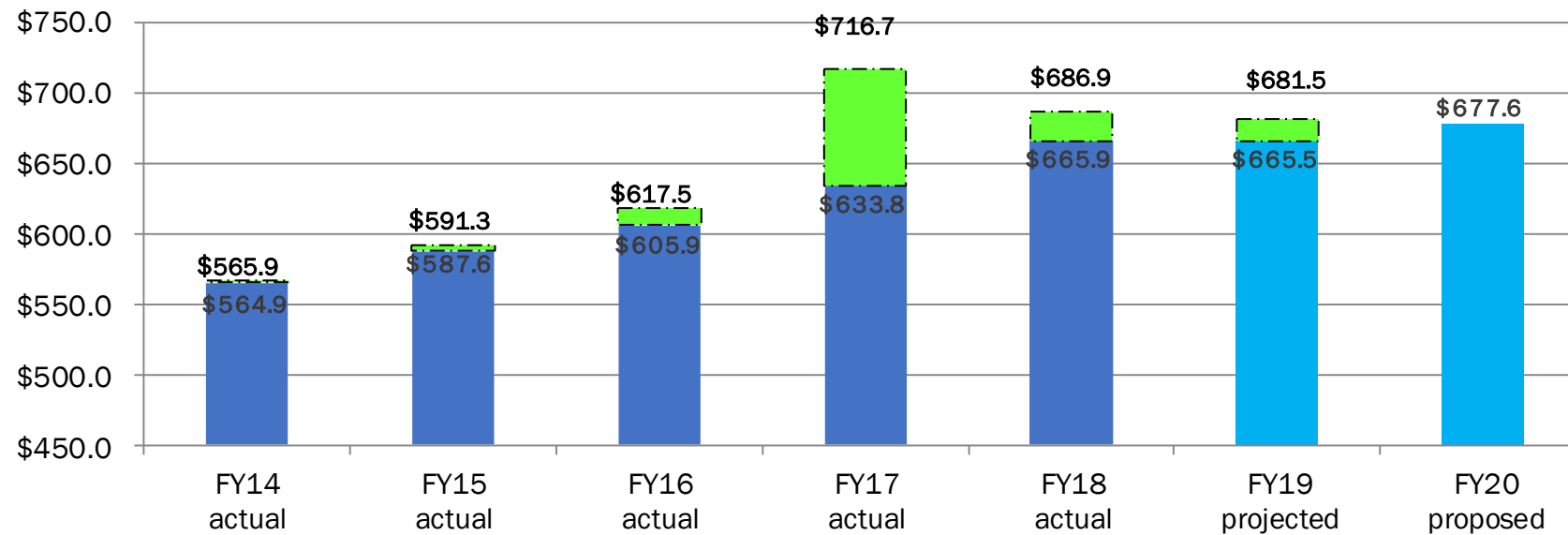
NET TAX DIGEST AND MILLAGE VALUE



Year	Assessed Value	Mill Rate	CY Property Tax Revenue	Dollar Value of One Mill
FY19	\$33.3 Billion Est.	7.85	\$198.1 Million (Adopted)	\$25.2 Million
FY18	\$26.7 Billion	8.84	\$192.4 Million (Audited)	\$21.8 Million
FY17	\$25.6 Billion	8.88	\$187.5 Million (Audited)	\$21.1 Million
FY16	\$25.0 Billion	8.89	\$180.9 Million (Audited)	\$20.4 Million
FY15	\$22.5 Billion	9.75	\$179.4 Million (Audited)	\$18.4 Million
FY14	\$21.7 Billion	10.05	\$174.8 Million (Audited)	\$17.4 Million
FY13	\$21.4 Billion	10.24	\$171.7 Million (Audited)	\$16.8 Million
FY12	\$22.1 Billion	10.24	\$175.8 Million (Audited)	\$17.2 Million
FY11	\$23.1 Billion	10.24	\$189.8 Million (Audited)	\$18.5 Million
FY10	\$24.0 Billion	10.24	\$209.5 Million (Audited)	\$20.5 Million
FY09	\$25.8 Billion	7.12	\$151.4 Million (Audited)	\$21.3 Million

Source: City of Atlanta Department of Finance, Office of Revenue

REVENUE ANTICIPATIONS OVERVIEW



■ One time/non-recurring revenues

NOTE: FY 2017 Includes transfer of Building Permit Revenues & fund balance and proceeds from the sale of Underground.

FY 2018 Includes proceeds from sale of Civic Center.

FY 2019 Includes proceeds from insurance reimbursement from Cyber attack.

REVENUE COMPARISON BY CATEGORY



MAJOR CATEGORY	FY2018 ACTUALS	FY2019 ADOPTED BUDGET	FY2020 PROPOSED BUDGET	BUDGET FY20 vs. FY19	% CHANGE FY20 vs. FY19
PROPERTY TAXES	\$206.52	\$208.45	\$219.14	\$10.69	5.13%
PUBLIC UTILITY, ALCOHOLIC BEVERAGE AND OTHER TAXES	\$106.44	\$106.92	\$107.71	\$0.79	0.74%
LOCAL OPTION SALES TAX	\$110.18	\$108.73	\$115.43	\$6.70	6.16%
LICENSES AND PERMITS	\$117.25	\$118.28	\$121.77	\$3.49	2.95%
OTHER REVENUE	\$26.66	\$7.33	\$6.29	(\$1.04)	-14.19%
CHARGES FOR CURRENT SERVICES	\$9.08	\$4.58	\$4.56	(\$0.02)	-0.44%
FINES/FORFEITURES & PENALTIES	\$20.63	\$23.47	\$22.21	(\$1.26)	-5.37%
BUILDING RENTALS & CONCESSIONS	\$13.86	\$13.99	\$3.73	(\$10.26)	-73.34%
INDIRECT COSTS	\$36.21	\$30.00	\$34.31	\$4.31	14.37%
HOTEL/MOTEL	\$19.59	\$19.15	\$21.80	\$2.65	13.84%
PILOT & FRANCHISE FEES	\$20.48	\$20.48	\$20.68	\$0.20	0.96%
GRAND TOTAL	\$686.90	\$661.38	\$677.63	\$16.25	2.46%

EXPENDITURES



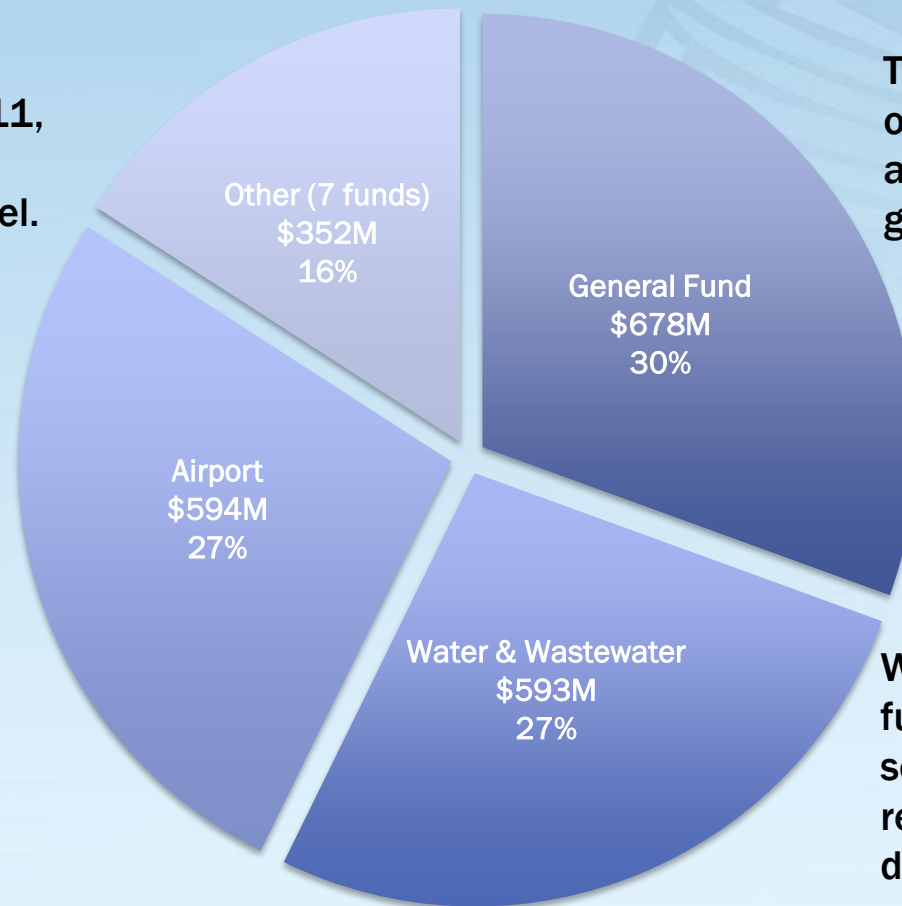
FY2020 TOTAL OPERATING BUDGET



The City of Atlanta's Total Proposed FY20 Operating Budget is \$2.2B

***Other funds include
Group Insurance, E911,
Solid Waste, Fleet
Service, & Hotel/Motel.**

**The Airport is funded by
gate fees, concessions &
parking revenues, PFC's
and CFC's. Funding uses
are strictly controlled by
the FAA.**



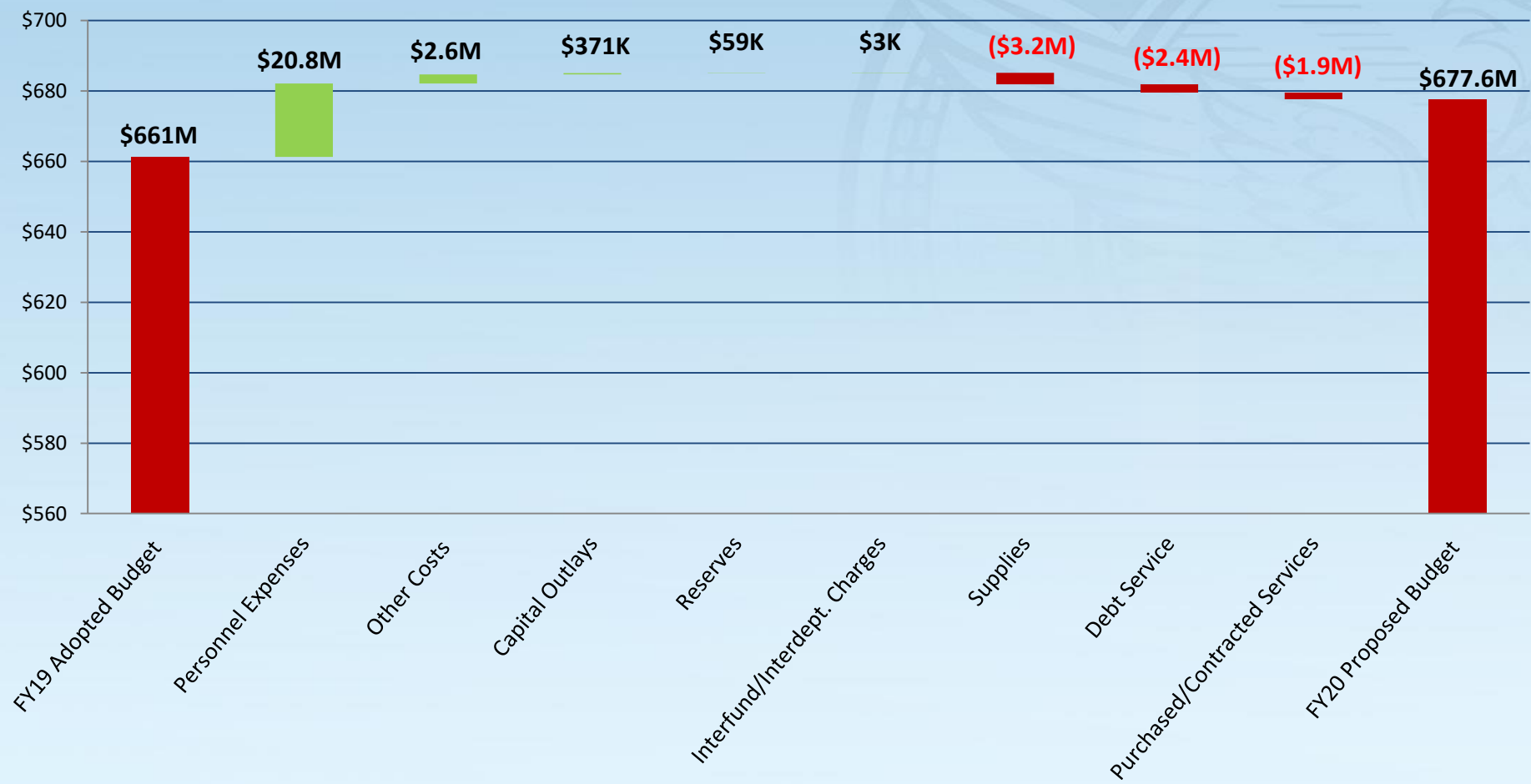
**The City's main
operating fund;
accounts for all general
government functions.**

**Water & Wastewater is
funded by charges for
services and the MOST;
residual revenue is
directed to its capital
program.**

THE FY2020 PROPOSED BUDGET IS \$677.6M



Changes from FY2019 Adopted Budget to FY2020 Proposed Budget:



GENERAL FUND BUDGET

EXPENDITURE COMPARISON BY DEPARTMENT (\$MIL)



DEPARTMENT	FY18 ACTUALS	FY19 ADOPTED BUDGET	FY20 PROPOSED BUDGET	FY19 vs. FY20
City Council	9.20	11.44	11.44	0.00
Executive Offices	48.02	36.34	19.90	(16.44)
Atlanta Information Management	35.29	31.07	30.84	(0.22)
Department Of Law	9.05	7.02	6.84	(0.18)
Department Of Corrections	35.14	32.64	20.09	(12.55)
Department Of Finance	17.40	16.72	17.35	0.63
Department Of Procurement	2.04	2.41	3.23	0.83
Department Of Public Works	53.25	47.95	51.01	3.06
Dept Of Parks & Recreation	39.34	38.94	41.85	2.91
Judicial Agencies	13.64	13.40	13.40	0.00
Non-Departmental	94.83	97.79	98.34	0.55
Department Of Human Resources	7.84	6.01	7.03	1.02
Department Of Fire Services	90.07	87.87	92.85	4.97
Department Of Police Services	199.60	194.06	204.75	10.69
Department Of City Planning	38.75	23.53	22.51	(1.02)
Department Of The Solicitor	7.26	6.59	6.59	0.00
Department Of Ethics	0.52	0.88	0.88	0.00
Atlanta Citizens Review Board	0.76	0.88	0.88	0.00
Department Of Audit	1.66	1.98	2.02	0.04
Department Of Public Defender	3.39	3.90	3.90	0.00
Department of Enterprise Assets Mgmt.	0.00	0.00	18.40	18.40
Department of Customer Service	0.00	0.00	2.79	2.79
Atlanta Department of Transportation	0.00	0.00	0.75	0.75
TOTAL GENERAL FUND EXPENDITURES	707.04	661.39	677.62	16.23

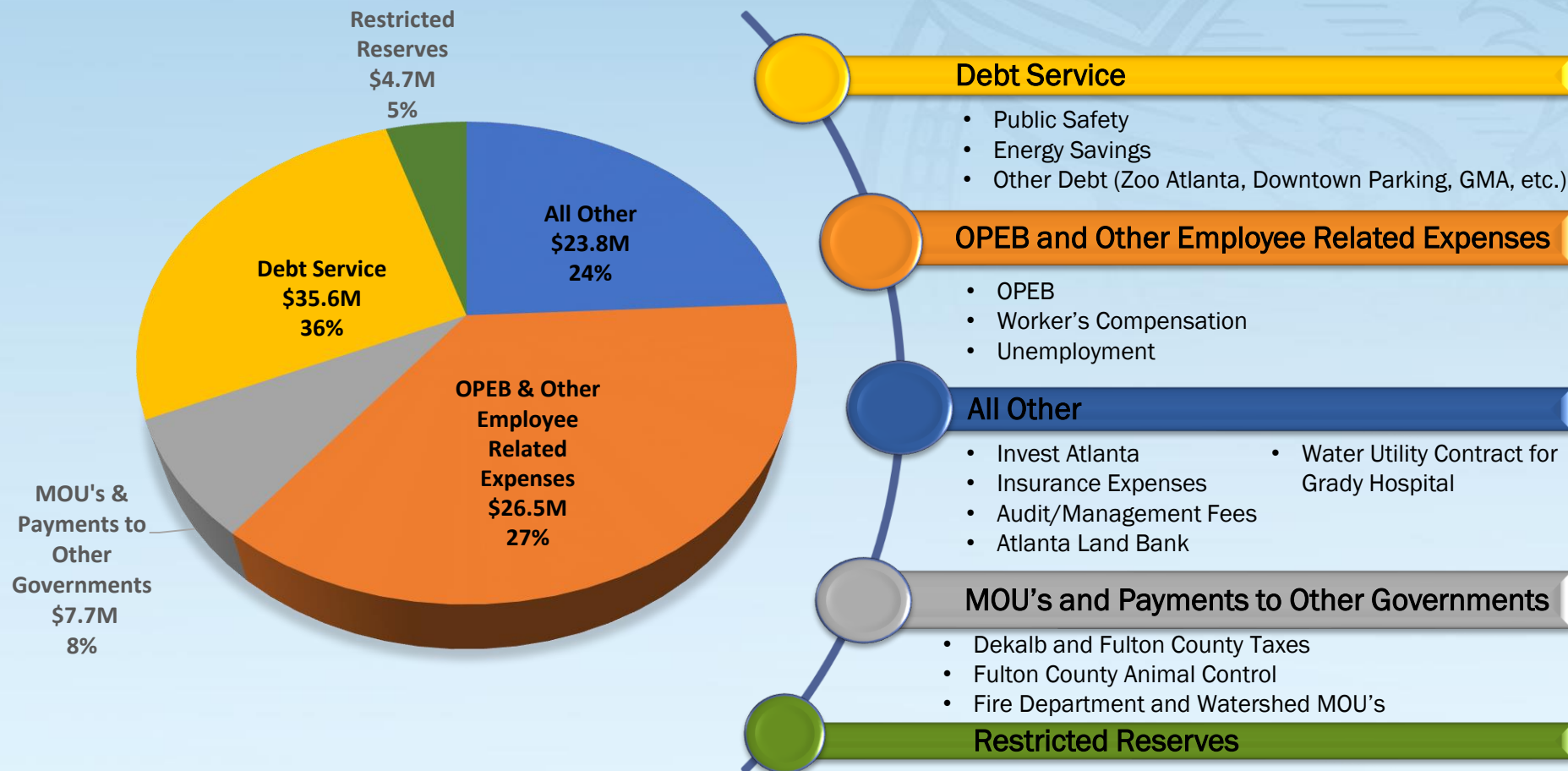
NON-DEPARTMENTAL EXPENDITURES



NON-DEPARTMENTAL COMPARISON



Non-Departmental \$98.3M



GRANTS



OFFICE OF GRANTS MANAGEMENT



Pre-award

- Via eCivis assist departments in identifying possible grant funding opportunities
- Central area for grant sourcing, processing and receipt of awards

Compliance

- Manage the compliance process with coordination through the departments
- Financial and administrative monitoring along side department programmatic staff
- Central area for monitoring grant reporting and processing receipt of awards
- Grants transparency and performance measurements, environmental reviews and labor requirements

Grants Services

- Allocates federal entitlement funds to maximize assistance to those in need, particularly low and moderate-income individuals/families
- Management of the grant portfolios projects and activities
- Upgraded the eCivis grant tracking application to track all grant awards from sourcing to close, enabling management control for compliance, reporting and deliverables

Grants Accounting & Finance

- Process all accounting transactions relating to grants
- Manage funding requirements within Regulatory applications
- Manage the annual Single Audit

PROGRAMS FUNDED

Awarded
10% more
funding
than
estimated
in 2019 for
programs
to address
some of
the City's
most
critical
needs

Homelessness and supportive services

Affordable housing

Neighborhood revitalization – includes
demolition

Economic development

Public facilities and services



TYPES OF GRANTS



Competitive

- Notice posted of application period
- Agency establishes application due date
- Department notified of award

Private Foundations

- Notice posted of application period
- Foundation establishes grant guidelines

Entitlement

- Each year, the City details priority areas in its Annual Action Plan (AAP) for consideration by the US Dept of Housing and Urban Development (HUD)
- The AAP addresses funding needs of the following federal entitlement grants
 - *Community Development Block Grant (CDBG)*
 - *HOME Investment Partnerships Program (HOME)*
 - *Housing Opportunities for Persons with AIDS (HOPWA)*
 - *Emergency Solutions Grant (ESG)*
- HUD determines the amount of each entitlement grant by a statutory formula which uses several objective measures of community needs, poverty indicators, population, housing overcrowding, age of housing and population growth

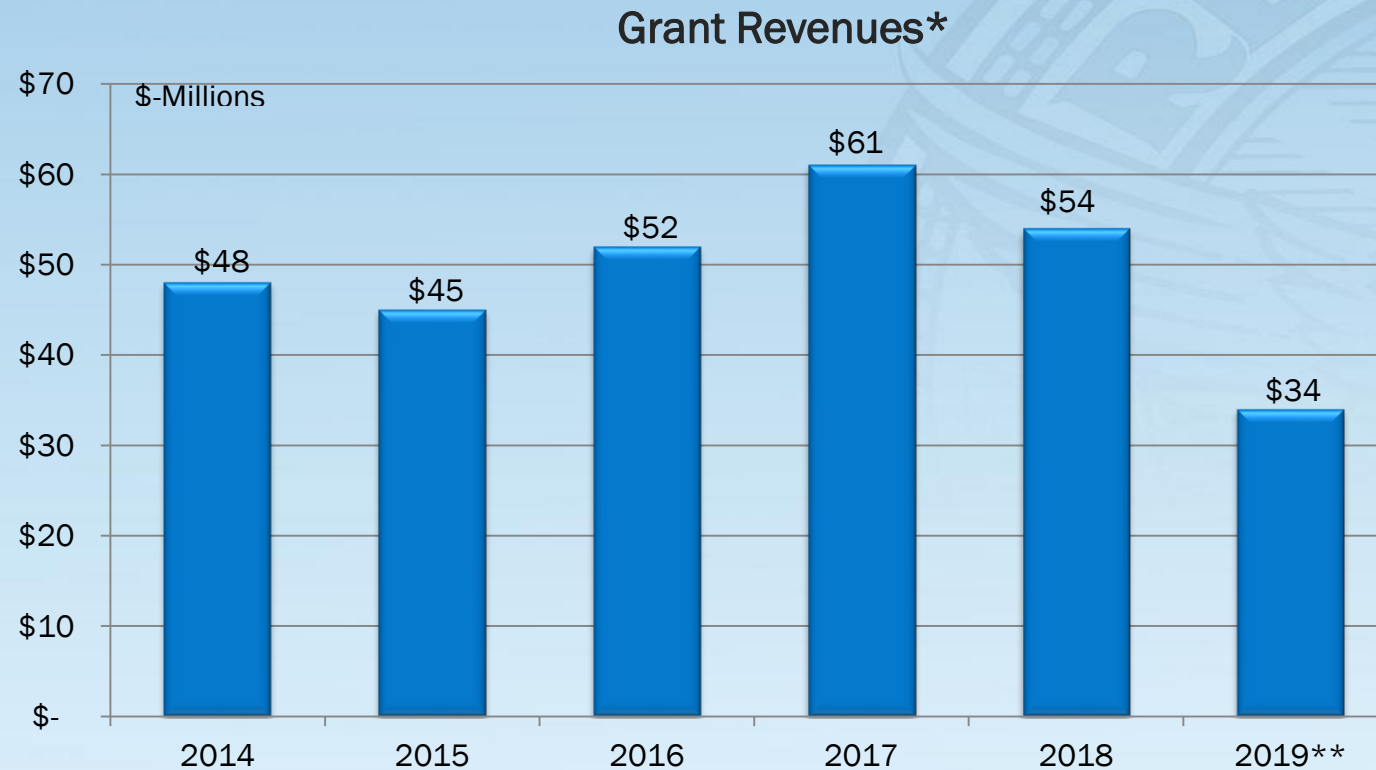
ENTITLEMENT GRANTS



CDBG & HOME	<ul style="list-style-type: none">▪ Conserve and expand affordable housing▪ Increase access to affordable housing▪ Single family rehab for senior homeowners▪ Support economic development efforts that benefits low/moderate citizens▪ Improve accessibility to those with disabilities▪ Assist homeless persons to move towards stable housing▪ Assist low/moderate persons to avoid homelessness and remain housed
HOPWA	<ul style="list-style-type: none">▪ Serves the 29 metropolitan counties for persons living with HIV/AIDS▪ Prevention/Diversion/Rapid Rehousing for early intervention▪ Coordinated entry to ensure persons are quickly identified by for fair and equal access to housing via assessment, referral, connection to housing and assistance▪ Transitional housing, tenant based rental assistance, short term rent, mortgage, utility assistance, health care and mental health services, chemical dependency treatment, nutritional services, case management, assistance with daily living, and other supportive services
ESG	<ul style="list-style-type: none">▪ Street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and data analysis

TRENDING GRANTS REVENUE

(BASED UPON REIMBURSEMENTS RECEIVED)



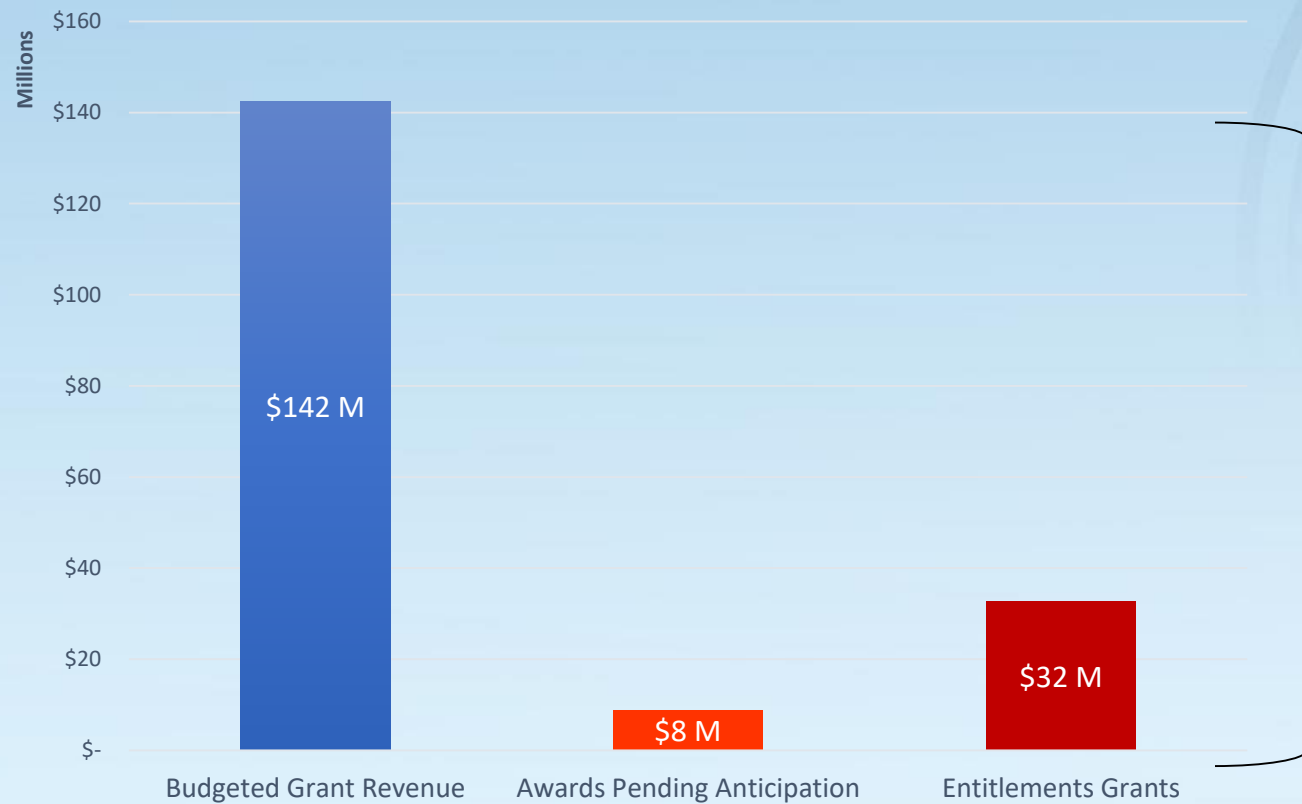
*Excludes Airport FAA AIP and TSA Grants; and Watershed GEFA Loans

** FY19 is through March 2019

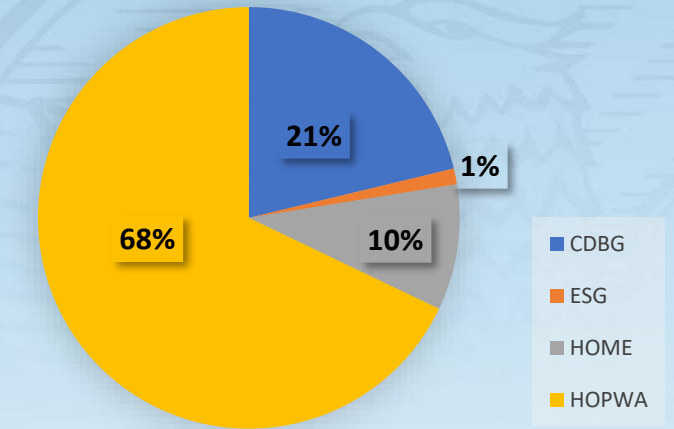
GRANTS AWARD OVERVIEW



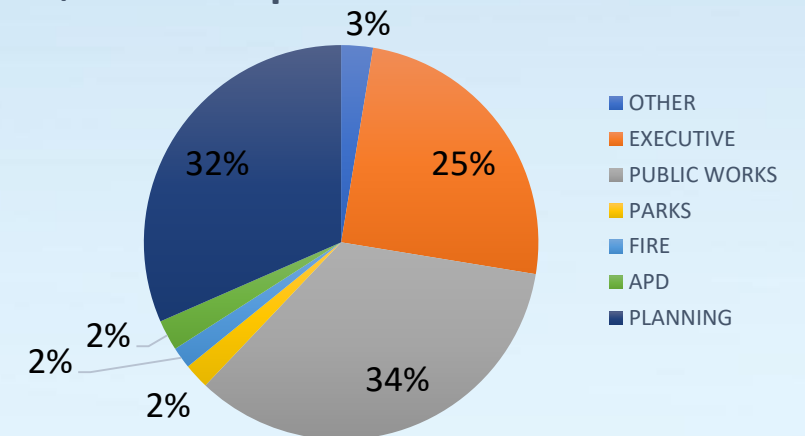
FY 2020 Projected Grants Awards*



\$47 M Entitlements Awards



\$142 M Department Allocation



*Excludes Airport FAA, TSA and Watershed Grants

TRUST FUND



TRUST FUND – TOP 10 PROJECTS



Total
Trust
\$28MM



Top 10 make
up 81% of
the Total
Balance



Total of
246
Trust
Accounts

\$9.3MM Tree Removal

\$3.2MM Care & Conserve

\$1.6MM Street Car O & M

\$1.6MM Insurance Rebates

\$1.5MM Technology Surcharge

\$1.4MM R.I.C.O. State

\$1.3MM Youth Athletics Program

\$1.3MM Sustainability Projects

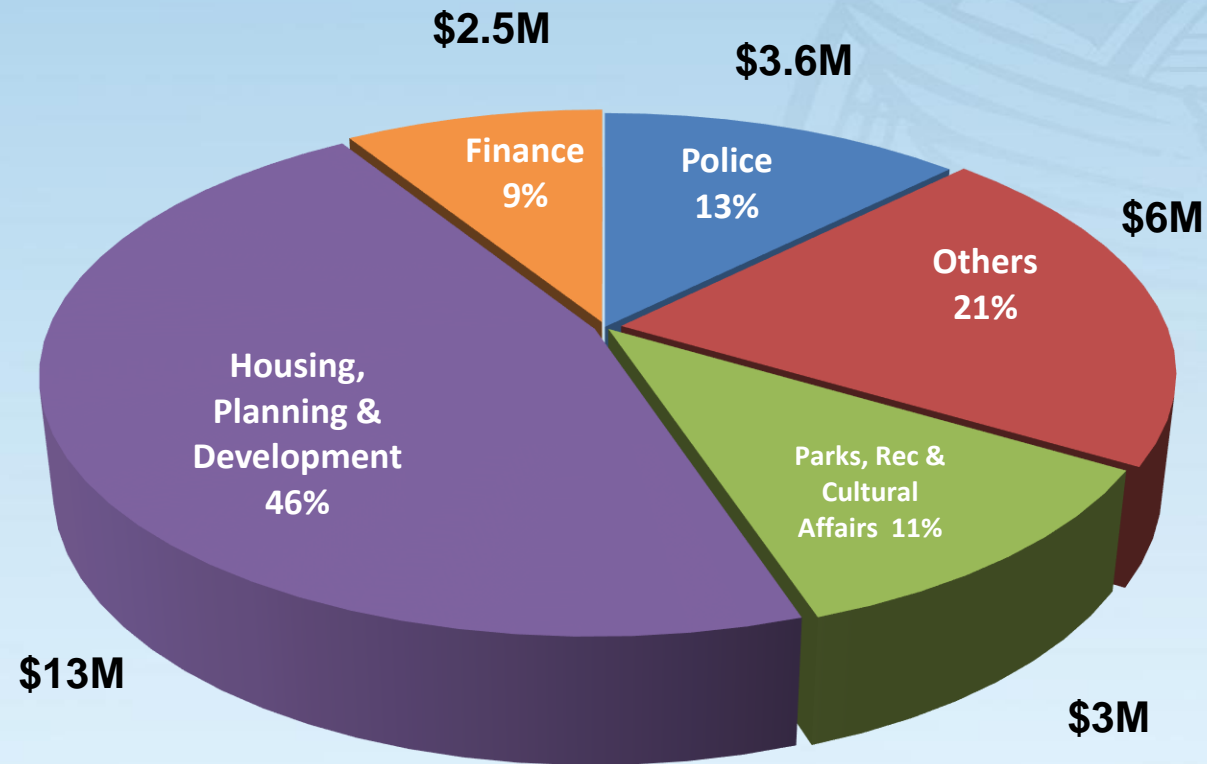
\$1.3MM Federal RICO Treasury

\$1.0MM Centers of Hope

TRUST FUND BALANCE BY DEPARTMENT



Total Trust Fund FY20 Budgeted Balance is \$28M



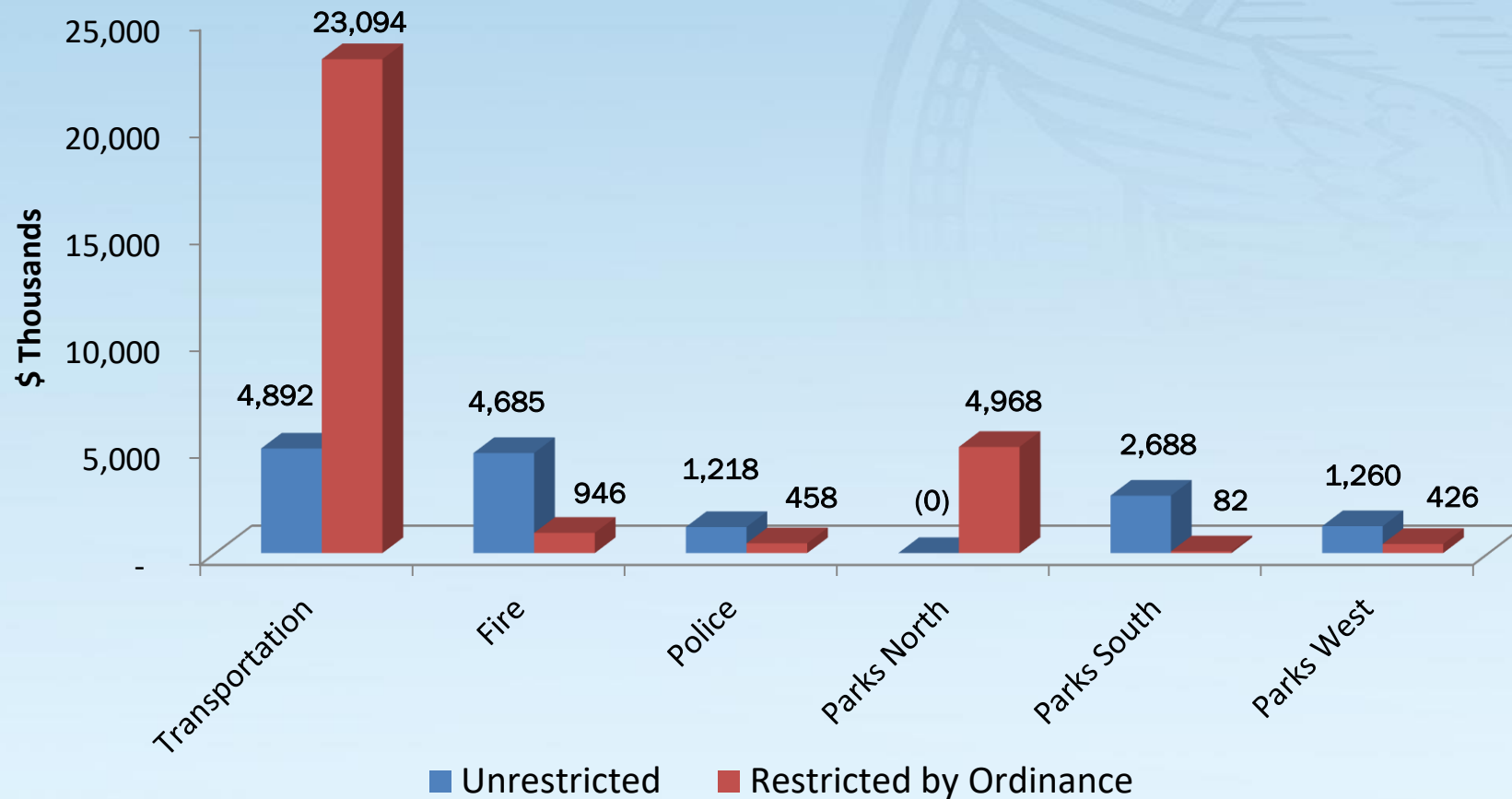
IMPACT FEES



IMPACT FEES



Impact Fee Fund Balances as of March, 2019 - \$44M



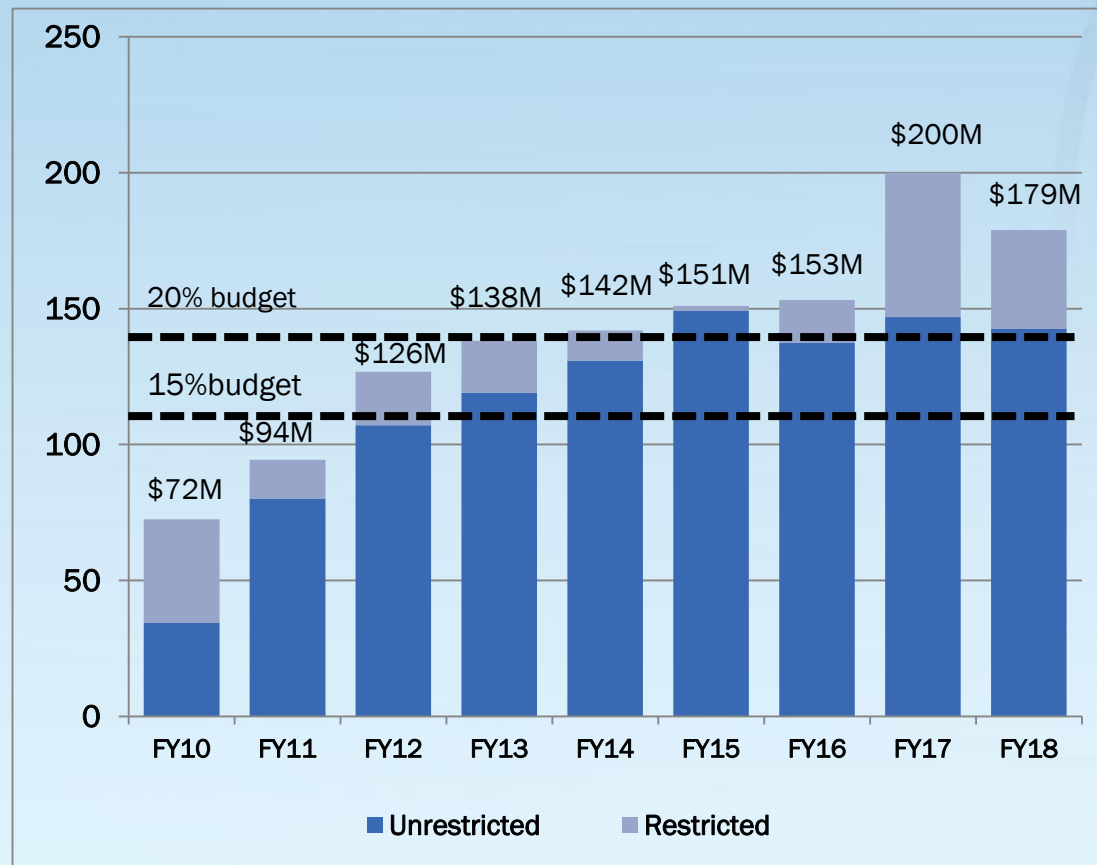
FUND BALANCE



FY2018 GENERAL FUND BALANCE

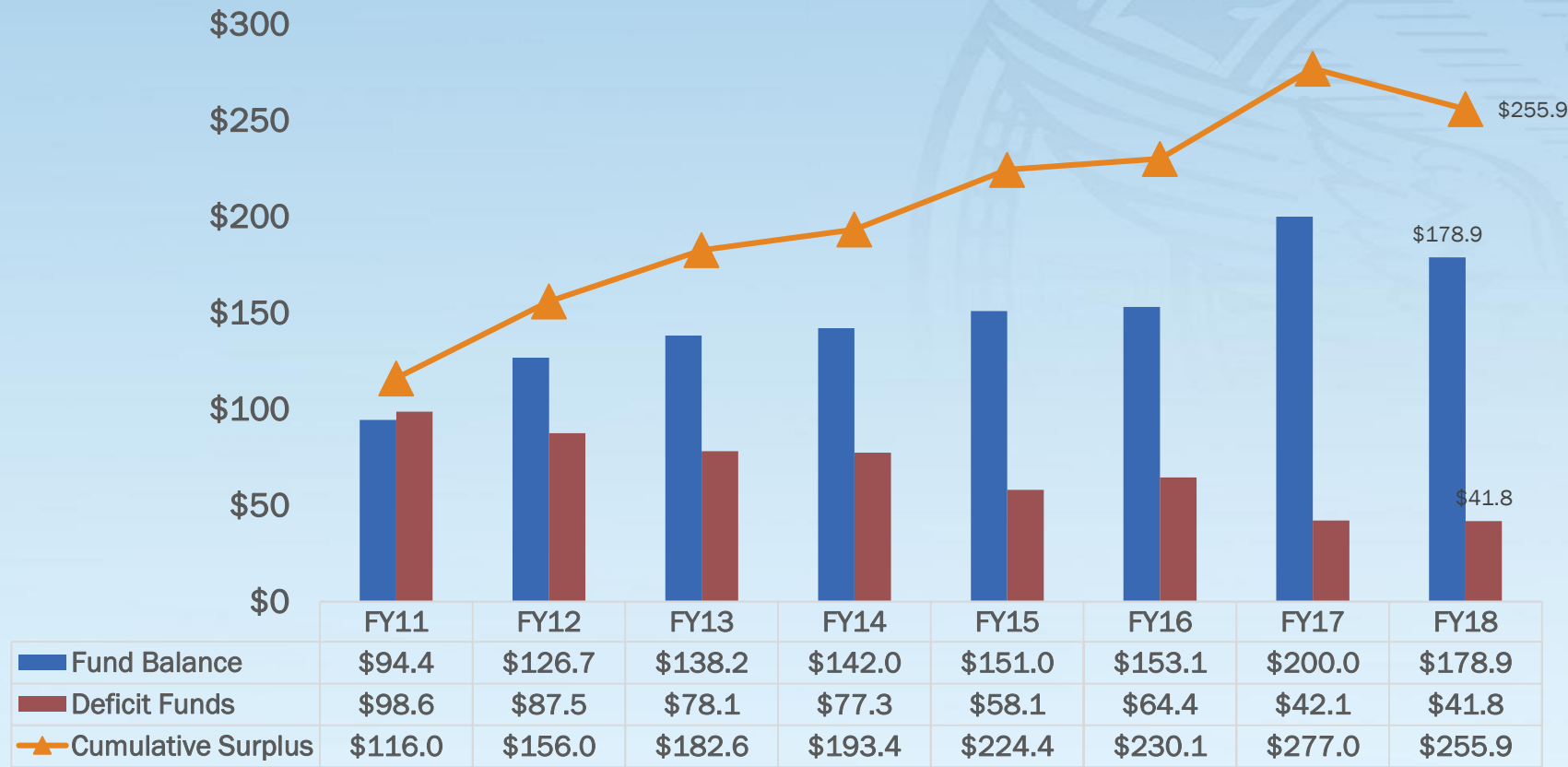


Unrestricted Fund Balance & Restricted Fund Balance



- ❖ Total Fund Balance has grown by \$107 million since the beginning of FY2010.
- ❖ Budgeted reserves and strong cost control were key factors in restoring fund balance.
- ❖ Unrestricted fund balance above 20% is available for one-time, nonrecurring purchases as long as a portion goes toward reducing any remaining deficit funds.

FUND BALANCE AND DEFICIT FUNDS



DEBT AND INVESTMENTS



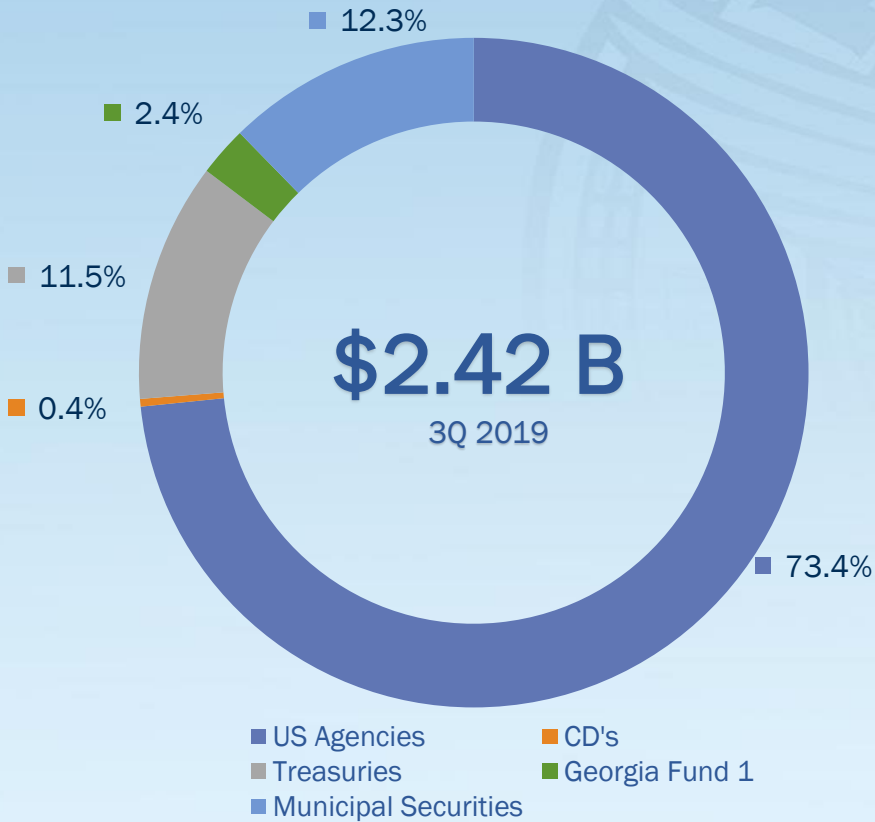
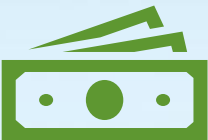
INVESTMENT PORTFOLIO OVERVIEW



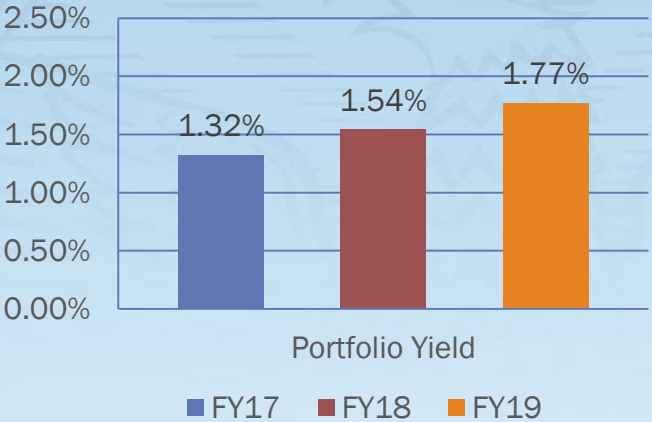
Portfolio Objectives



Invested
\$1.06 B
FY 2019
20% to MWBE



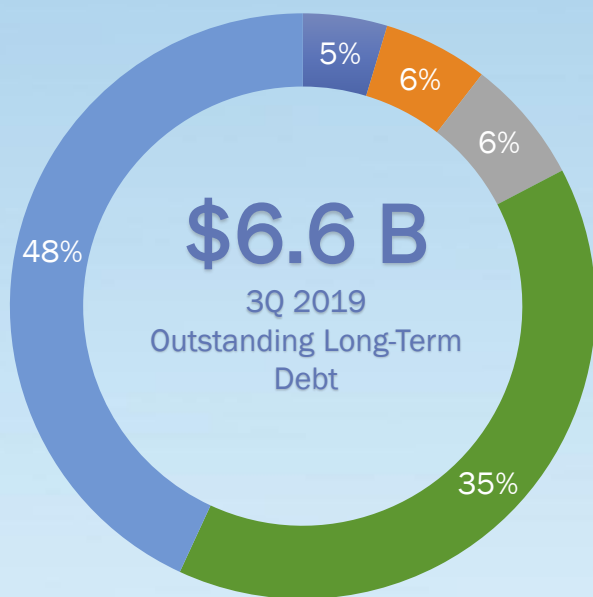
Portfolio Yield



Net Increase
\$50.5 M
Compared to 3Q 2018



DEBT PORTFOLIO OVERVIEW



- General Obligation
- General Fund
- Tax Allocation Districts
- Aviation
- Water & Wasterwater

	General Obligation	General Fund & Other	Tax Allocation Districts	Dept of Aviation	Dept of Watershed
Q3 FY19	\$299,095	\$411,713	\$373,300	\$2,327,560	\$3,161,083
Q3 FY18	325,430	405,963	478,900	2,762,270	3,009,784
	(\$26,335)	\$5,750	(\$105,600)	(\$434,710)	\$151,299
	-8.09%	1.42%	-22.05%	-15.74%	5.03%

Net Decrease
\$409.6 K
Outstanding Debt

0%
Variable Rate
Debt

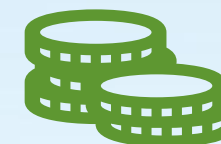
\$34.8 M
Total NPV Savings
On Refunded Debt
during FY19

Certified
Underwriters

34

15 MWBE

\$141.7 M
Energy Savings
Performance
Contracts



ATLANTA CREDIT RATINGS



CITY OF ATLANTA MUNICIPAL BOND RATINGS

	Moody's	Standard & Poor's	Fitch	Updates
General Obligation Bonds	Aa1	AA+	AA+	<ul style="list-style-type: none"> November 2018 – Airport Senior Lien CFC Bonds upgraded to A by Standard & Poor's December 2018 – Water and Wastewater Revenue Bonds upgraded to AA- by Fitch Ratings March 2019 - Airport Senior Lien CFC Bonds upgraded to A2 by Moody's
Water and Wastewater Revenue Bonds	Aa2	AA-	AA-	
Airport Revenue Bonds - Senior Lien GARBs	Aa3	AA-	AA-	
Airport Revenue Bonds- PFC/Subordinate Lien GARBs	Aa3	AA-	AA-	
Airport Revenue Bonds Senior Lien Customer Facility Charge	A2	A	A	

The background of the slide is a photograph of a city skyline. On the left, a tall, modern skyscraper with a blue glass facade stands prominently. To its right, a cluster of older, more ornate buildings with white facades and dark roofs is visible. In the foreground, a dense line of green trees separates the buildings from the viewer. A semi-transparent white rectangular box is centered over the image, containing the text.

QUESTIONS & ANSWERS